



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

February 9, 2006

Michael Scheible
Deputy Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Mike:

This is in regard to ARB's inquiry about the availability of potential Carl Moyer Program (CMP) projects--which were unfunded due to lack of funds--for the possible use of emission mitigations for the BHP Billiton Cabrillo Port LNG project. The SCAQMD would welcome additional funding for emission reduction projects; however we believe that LNG projects should mitigate not only increased ship emissions, but also any emission increases caused by delivering regasified LNG with a gas quality different from what we currently have. As we testified at the recent CPUC hearings, LNG should be limited to a maximum Wobbe Index of 1360. Please note that our willingness to help mitigate the emissions impacts resulting from port operations does not constitute our support of the project if the natural gas quality concerns are not adequately addressed.

The SCAQMD has just completed a review of potential CMP projects, and is recommending nearly \$20 million funding for CMP projects that will achieve 793 tons/year of NOx reductions and 24 tons/year of PM reductions. Nevertheless, there are additional worthwhile projects that represent over 900 tons/yr of emission reductions, for which there was no available funding. We would like to work with ARB and the project proponent on potential funding to realize emission reductions, and believe our participation is beneficial as there are specific desirable criteria used in prioritizing the projects, including cost-effectiveness. It would be prudent to follow the procedures previously established under the original solicitation per State Moyer Program Guidelines, as well as the SCAQMD's policy in administering the Moyer program. We strongly discourage random selection of eligible projects which may not achieve the most cost-effective reductions. We would be more than glad to meet and discuss this issue. Please do not hesitate to contact me or Fred Minassian, at 909-396-2641.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chung S. Li', is written over the typed name.

Chung S. Li, D.Env.
Deputy Executive Officer
Science & Technology Advancement
909-396-2105

CSL:MK

cc: Bob Fletcher
Dean Simmeroth
Gary Yee